

HOUSING AUTHORITY OF THE CITY OF PASCO AND FRANKLIN COUNTY
DBA PASCO HOUSING AUTHORITY
Franklin County, Washington
July 1, 1993 Through June 30, 1994

Schedule Of Federal Findings

1. Accounting For Fixed Assets Should Comply With Federal Requirements

There is no comprehensive fixed asset ledger maintained to support the general ledger land, structure, and equipment balance. In addition, the housing authority does not conduct a physical inventory at least every two years for property and annually for equipment.

For any fixed assets purchased with federal funds, the Office of Management and Budget (OMB) "Common Rule", Section .32[d] Management Requirements, states in part:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of the property, who holds title, the acquisition date, and cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft should be investigated.

The U.S. Department of Housing and Urban Development (HUD) *Low-Rent Accounting Handbook* 7510.1, Chapter 7, requires an annual inventory of expendable and nonexpendable equipment be conducted.

The housing authority did not prioritize a fixed asset accounting system in the past. Most of the fixed asset information was loosely placed in files. A new accountant was hired in 1994. Some of the fixed asset information could not be located and other documents need more information to fully understand the items funding sources and costs.

Because fixed assets are not properly accounted for, there is an increased risk that errors or irregularities may occur and not be detected in a timely manner.

We recommend the authority establish an adequate fixed asset accounting system and conduct annual physical inventories.